

Q3-2020 Home Health & Hospice Update



Market Update

The alarmingly high COVID infection and death rates in traditional institutionalized settings, such as SNFs and ALFs, have put a spotlight on home-based alternatives for our most vulnerable elderly populations. Coupled with the transition to value-based reimbursement and recent changes to Medicare Advantage, we've witnessed a surge of M&A activity amongst other strategic initiatives in a growing attempt to capture the entire continuum of care. This September, The Providence Service Corp acquired Simplura Health Group, which will be highly complementary to its non-emergency medical transportation services. This transaction is indicative of the continued diversification of pos-acute investors compared to historically. The result is greater flexibility and opportunities for home health and hospice companies in a deal process.

Additionally, this quarter replicated the trend of private equity investors continuing to enter the post-acute care space. This September, reports surfaced that Centerbridge and Vistria Partners are teaming up on a \$1.4 billion deal for Help at Home, with the goal of creating a nation leading platform of home care and home health services. This investment is indicative of the interest level towards home care and home health in the large-cap firms and trickling into the lower middle market. With a number of others establishing platforms, private equity investors clearly remain bullish, which is translating into heightened valuation levels for groups of all sizes.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
September	Bristol Hospice	Remita Health	7	3	Bristol Hospice, a portfolio company of Webster Equity Partners, has acquired Remita Health marking its third acquisition of the year.
September	The Providence Service Corporation	Simplura Health Group	50	6	The Providence Service Corp., the nation's largest manager of non-emergency medical transportation programs, has acquired Simplura Health Group to enter the home care market. The transaction was valued at \$575 million.
September	The Pennant Group, Inc.	CMS Home Health Care	4	1	The Pennant Group, Inc. has acquired CMS Home Health Care which expands its penetration within the Texas market.
September	Jet Health, Inc.	Carrington Hospice Care, Inc.	1	1	Jet Health, Inc. has acquired Carrington Hospice Care, Inc. as it continues to execute on its strategy of offering comprehensive hospice care in its four primary markets.
August	Traditions Health	Faith Hospice and Embrace Hospice	10	2	Traditions Health, a company of Dorilton Capital Advisors, has acquired Faith Hospice and Embrace Hospice, representing platform investments in both Georgia and Oklahoma.
July	Alleo Health System	ABC Hospice and Upper Cumberland Hospice	2	2	Alleo Health System has acquired ABC Hospice and Upper Cumberland Hospice as it seeks to strengthen its market positioning and geographic footprint.

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Industry Conferences

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the home health & hospice sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.